

# CITY OF JASPER

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## JASPER CLEAN ENERGY CENTER

### LEASE SUMMARY

July 21, 2011

<u>TOPIC</u>	<u>EXPLANATION</u>	<u>REFERENCE</u>
<b>Landlord:</b>	The City of Jasper	Preamble
<b>Tenant:</b>	Jasper Clean Energy, LLC	Preamble
<b>Premises:</b>	1163 E. 15 <sup>th</sup> Street, Jasper, Indiana (approximately 6.5 acres)	Preamble Exhibit 1
<b>Term of Phase I:</b> (Interim Period)	Effective Date to Commencement Date (12 to 18 months)	Preamble
<b>Term of Phase II:</b> (Construction Period)	Commencement Date to Commercial Operation Date (18-24 months)	Preamble
<b>Term of Phase III:</b> (Operational Period)	Commercial Operation Date to End of Lease (20 years + option)	Preamble
<b>Term of Phase IV:</b> (End of Lease)	Decision for Use of Facility <ul style="list-style-type: none"> <li>• Option of City to purchase entire Facility</li> <li>• Return of Facility to City as Biomass-only Operation</li> <li>• Decommissioning of Facility / Site</li> </ul>	Preamble
<b>Initial Lease Term:</b>	20 years from Commercial Operation Date	p. 2
<b>Construction Term:</b>	18-24 months	p. 2
<b>Renewal Options</b>	Two 5-year Renewal Terms	p. 2
<b>Rent:</b>	<ul style="list-style-type: none"> <li>• Interim Option Payment - \$60,000 Quarterly [Paid during Phase I].</li> <li>• Annual Rent <ul style="list-style-type: none"> <li>○ \$425,000 [Paid during Phases II and III]</li> <li>○ Inflation increases for Annual Rent (100% of Implicit Price Deflator).</li> </ul> </li> <li>• Royalty <ul style="list-style-type: none"> <li>○ \$1.5 per MWh [Paid during Phase III]</li> <li>○ Inflation increases for Royalty (100% of Implicit Price Deflator).</li> <li>○ Based on production of electricity by Modified Boiler)</li> </ul> </li> </ul>	p. 4

<b><u>TOPIC</u></b>	<b><u>EXPLANATION</u></b>	<b><u>REFERENCE</u></b>
<b>Blackout Event:</b>	<ul style="list-style-type: none"> <li>• If City and Project are cut off from Grid, Jasper Clean Energy Facility will help facilitate supply of electricity to City.</li> <li>• If connected to Grid, Jasper Clean Energy Facility able to start other power plants.</li> </ul>	p. 46
<b>Repairs &amp; Maintenance:</b>		p. 40
<b>Utilities:</b>		Article XXII
<b>Insurance:</b>		Article X Exhibit 20
<b>Property Taxes:</b>		Article XXIII
<b>Improvements:</b>		Article IX Exh. 5 / Exh. 11
<b>Conditions Precedent: (applicable during Phase I)</b>	<ul style="list-style-type: none"> <li>• Lessee's right to terminate – Conditions Precedent: <ul style="list-style-type: none"> <li>○ Inability to obtain environmental permits.</li> <li>○ Inability to obtain interconnection agreement to Grid</li> <li>○ Inability to obtain power sales agreement.</li> <li>○ Inability to obtain construction funding.</li> <li>○ Inability to obtain natural gas pipeline agreement.</li> <li>○ Inability to obtain government approvals.</li> <li>○ Inability to obtain 69KV service line agreement.</li> <li>○ Inability to obtain tax abatement.</li> </ul> </li> <li>• Lessor's right to terminate – Conditions Precedent: <ul style="list-style-type: none"> <li>○ If Conditions Precedent above not met by September 2012 (Commencement Date)</li> <li>○ Subject to Lessee's right to demonstrate substantial effort to comply with and progress towards satisfaction of any of those Conditions Precedent</li> </ul> </li> </ul>	p. 15
<b>Fuel Limitations:</b>	<ul style="list-style-type: none"> <li>• Primary Fuels - Natural Gas / Miscanthus</li> <li>• Emergency Backup Fuel – Diesel</li> <li>• Able to use improved or modified forms of Miscanthus, so long as non-invasive, etc.</li> <li>• Able to use of other “closed-loop biomass crop” with consent of City, so long as non-invasive, etc.</li> </ul>	Article V p. 45
<b>Commit to Miscanthus:</b>	<ul style="list-style-type: none"> <li>• May 1, 2013 - (25% of acreage – approx. 2,250 acres)</li> <li>• May 1, 2014 - (50% of acreage – approx. 4,500 acres))</li> <li>• May 1, 2015 - (25% of acreage – approx. 2,250 acres)</li> </ul>	p. 38
<b>Security / Liquidated Damages:</b>	<ul style="list-style-type: none"> <li>• PHASE I -None (interim)</li> <li>• PHASE II -\$1.5 Million LOC (construction)</li> <li>• PHASE III -\$3.5 Million LOC (operation) \$1.5 Million Sinking Fund</li> </ul>	p. 20-22 p. 48-49

<b><u>TOPIC</u></b>	<b><u>EXPLANATION</u></b>	<b><u>REFERENCE</u></b>
<b>Coordination Committee:</b>	<ul style="list-style-type: none"> <li>• Non-compensated committee to mutually resolve lease disputes</li> </ul>	p. 33
<b>Emissions:</b>	<ul style="list-style-type: none"> <li>• Obligations to meet stricter air emission standards (Voluntary Compliance Levels)</li> <li>• Monitoring requirements (air)</li> <li>• Penalties and Required Actions</li> <li>• Sound emissions</li> <li>• Noise emissions</li> </ul>	Exhibit 14
<b>Right of First Refusal:</b>		p. 47
<b>Site Location:</b>		Exhibit 1
<b>Description of Existing Plant:</b>		Exhibit 2
<b>Description of Remaining Equipment:</b>		Exhibit 5
<b>Offer of Employment to Existing Employees:</b>		Exhibit 7
<b>Qualifications of Facility Manager:</b>		Exhibit 15
<b>Construction Control Qualifications:</b>		Exhibit 16
<b>Sustainability / Fire Protection:</b>		Exhibit 17
<b>Access to and Right of Inspection:</b>		p. 18